

Message Text

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ORIGIN TRSE-00

INFO OCT-01 ARA-06 ISO-00 CIAE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 AID-05 EB-07 NSC-05 CIEP-01

SS-15 STR-04 OMB-01 CEA-01 COME-00 FRB-03 XMB-02

OPIC-03 LAB-04 SIL-01 /076 R

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EB/IFD/OMA:B.CROWE (PHONE)

ARA/ECP:S.H.ROGERS

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P 052217Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO PRIORITY

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ATTENTION: L. PASCOE

E.O. 11652: N/A

TAGS: EFIN, MX

SUBJECT: ARREARAGES

REF: MEXICO 1213

1. THE MEXICAN PRESS PICKED UP INFORMATION ON MEXICAN DEBT
ARREARS FROM A TREASURY REPORT PLACED IN THE CONGRESSIONAL
RECORD BY CONGRESSMAN ALEXANDER.

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2. THE PROBLEM IS OF A TWO-FOLD NATURE:

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3. FIRST, THE INFORMATION WHICH WAS SUBMITTED TO ALEXANDER

(AT HIS REQUEST) SEPARATED PRIVATE ARREARAGES (DOLS 3,367,000) FROM PUBLIC ARREARAGES (DOLS 40,000). ALEXANDER CHOSE TO LUMP THE TWO TOGETHER IN THE CONGRESSIONAL RECORD AND DISCUSS QUOTE DEBTS OWED TO U.S. BY FOREIGN COUNTRIES. UNQUOTE.

4. SECOND, WHEN WE EXPLAINED TO SAENZ AT THE MEXICAN EMBASSY THAT THE MAJORITY OF THE ARREARAGES WERE PRIVATE AND NOT THE OBLIGATION OF THE GOM, SAENZ WHO HAD ALSO TALKED WITH EXIMBANK, SAID HE UNDERSTOOD THAT BUT QUERIED WHY RECOVERY OF PAYMENTS OF INSURANCE AND GUARANTEES SHOULD BE LISTED UNDER QUOTE PRINCIPAL AND INTEREST DUE

AND UNPAID 90 DAYS OR MORE ON U.S. GOVERNMENT LOANS AND CREDITS. UNQUOTE.

5. ABOUT TWO-THIRDS OF THE DOLS 3.4 MILLION DUE CONSISTS OF ASSETS ACQUIRED BY EXIMBANK THROUGH ITS INSURANCE AND GUARANTEE PROGRAMS RATHER THAN DEBT ARREARAGES ORIGINATING FROM ITS REGULAR CREDIT PROGRAM. IN CASE OF DOLS 1.9 MILLION OF ACCOUNTS RECEIVABLE THESE REPRESENT AMOUNTS PAID BY EXIMBANK UNDER ITS GUARANTEE PROGRAM AND BY FCIA UNDER ITS INSURANCE PROGRAM TO NUMEROUS U.S. EXPORTERS FROM DEBT-SCHEDULING CONTRACTUAL OBLIGATIONS NOT HONORED BY MEXICAN PRIVATE SECTOR ENTITIES. THESE UNHONORED CREDIT OBLIGATIONS ARE NOW IN THE HANDS OF EXIMBANK FOR POSSIBLE COLLECTION AND THOSE DESIGNATED AS QUOTE SOLVABLE UNQUOTE BY EXIM ARE REPORTED BY TREASURY AS DELINQUENCIES. TREASURY REPORTING INSTRUCTIONS REQUIRE AGENCIES TO REPORT CONTRACTUAL OBLIGATIONS TO THE U.S. WITH SCHEDULED PAYMENTS AS QUOTE DEBT UNQUOTE ARREARAGES. TREASURY DOES NOT REPORT THOSE DESIGNATED BY EXIM AS QUOTE UNSOLVABLE UNQUOTE. EXIMBANK USES RESERVES RATHER THAN AUTHORIZED FUNDS TO MAKE THESE PAYMENTS. MOST OF THE REMAINDER OF THE ARREARAGES CONSIST OF DOLS 1.2 MILLION DUE EXIMBANK BY A BANKRUPT PRIVATE COMPANY WHICH EXIMBANK HAS BEEN TRYING TO RECOVER FOR FIVE YEARS.

6. WE HAVE INFORMED MINISTER SAENZ AT THE MEXICAN EMBASSY BY PHONE THAT IT WAS UNFORTUNATE THAT ALEXANDER LUMPED LIMITED OFFICIAL USE

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PUBLIC AND PRIVATE ARREARAGES. WE ALSO TOLD SAENZ THAT WE UNDERSTAND HIS POINT REGARDING THE MIXING OF ARREARAGES ON GOVERNMENT-TO-GOVERNMENT CREDITS WHICH RECOVERIES SOUGHT UNDER GUARANTEE AND INSURANCE PROGRAMS.

7. WE ALSO INDICATED THAT WE ARE WORKING WITH EXIMBANK ON THIS MATTER IN THE HOPE THAT REOCURRENCES OF THIS NATURE CAN BE AVOIDED. KISSINGER

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Margaret P. Grafeld
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